

**Performance Audit  
Citywide Use of Sick Leave**

April 2004

**City Auditor's Office  
City of Kansas City, Missouri**

April 27, 2004

Honorable Mayor and Members of the City Council:

We conducted this audit of city employees' use of sick leave because we heard from managers that use of sick leave is high and from workers that department policies covering use of sick leave are unfair and inconsistent.

Both of these perceptions are true. City employees used over 300,000 hours of sick leave in 2003 at an estimated direct cost of about \$5.3 million. While the city's overall policy on sick leave accrual and use is comparable to other governments – and is in some respects generous – departmental attendance policies are inconsistent and treat employees in the same general classification differently.

Human resources literature states that absenteeism is a symptom of organizational problems. Some of our previous work and focus groups we conducted in September 2003 identified morale problems. While managers need the will and the tools to curb individual abuses of sick leave, the City Manager should examine how organizational climate contributes to absenteeism.

We recommend that the City Manager develop a mechanism to monitor employees' use of leave citywide; establish a citywide policy on time and attendance that treats employees in the same general classification consistently; provide guidance to managers and supervisors to identify potential abuse of sick leave; and hold managers accountable for attendance in their departments and divisions. We also recommend the City Manager conduct employee surveys to identify factors contributing to poor morale.

We provided draft reports to the City Manager and Acting Director of Human Resources for review and comment. The City Manager's response is appended. We appreciate the courtesy and cooperation of city staff during the audit. The team for this audit was Vivien Zhi and Amanda Noble.

Mark Funkhouser  
City Auditor

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# Citywide Use of Sick Leave

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## Introduction

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### Objectives

We conducted this performance audit of city employees' use of sick leave under authority of Article II, Section 13 of the city charter, which establishes the Office of the City Auditor and describes the City Auditor's primary duties.

A performance audit systematically examines evidence to independently assess the performance and management of a program against objective criteria. Performance audits provide information to improve program operations and facilitate decision-making.<sup>1</sup>

We decided to audit use of sick leave because we'd heard from managers that use of sick leave is high and from workers that department policies covering use of sick leave are unfair and inconsistent. We designed the audit to answer the following questions:

- What are best practices regarding sick leave policy?
- How do city practices compare with best practices?
- Are the city's sick leave policies consistent and equitable?

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### Scope and Methodology

This audit focuses on employees' use of sick leave in all city departments in 2003.<sup>2</sup> We followed government auditing standards in conducting the audit. Our methods included:

- Reviewing city sick leave policies and departmental attendance policies, and interviewing city staff to confirm current practices.

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<sup>1</sup> Comptroller General of the United States, *Government Auditing Standards* (Washington, DC: U.S. Government Printing Office 2003), p. 21.

<sup>2</sup> We did not look at the use of sick leave in the Police Department because the Kansas City, Missouri, Police Department is not a city department, but is a state agency under exclusive control of the Board of Police Commissioners.

- Conducting five focus groups of randomly selected city employees and recent retirees in September 2003.
- Reviewing the International Personnel Management Association (IPMA) 2000/2001 Benchmarking Report and other professional literature to compare the city's practices to best practices.
- Interviewing human resources professionals in five area cities: Independence, Overland Park, Lenexa, Olathe, and the Unified Government of Wyandotte County/Kansas City, Kansas.
- Analyzing sick leave data for calendar year 2003 and sick leave balance data as of December 13, 2003.
- Assessing the reliability of the sick leave data by reviewing the time sheets from departments for the pay period starting December 15, 2003.

We omitted no privileged or confidential information from this report.

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## **Background**

The city provides paid sick leave to its employees as a benefit. Full-time employees earn about 12 sick days per year depending on the number of hours worked. According to the *Human Resources Rules and Policy Manual* section 5.4, a regular full-time employee accrues 3.7 hours of sick leave for each pay period that the employee is compensated for at least 41 hours. Employees continue to accrue leave hours during paid leave. Firefighters earn 12 hours of sick leave monthly while working a 49.5 hour week schedule.

Employees may use sick leave when ill, injured, or to keep a doctor's or dentist's appointment. Employees may also use sick leave to care for a dependent or to take a spouse or domestic partner for medical treatment.

Sick leave with pay may be accumulated up to 3,000 hours. Employees who had more than 2,575 sick leave hours prior to May 1, 1992, may continue to accrue unlimited amounts of sick leave unless their use of sick leave causes them to fall below 3,000 hours, in which case the 3,000 hour cap would then apply to them.

Employees may convert a portion of their accumulated sick leave hours to vacation hours when they leave city employment. Vacation hours are paid out in cash or converted to years of service for calculating retirement benefits. The number of sick leave hours that may be converted to vacation depends on the number of years the employee has worked for the city.

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## **Findings and Recommendations**

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### **Summary**

We decided to audit use of sick leave because we heard from managers that use of sick leave is high and from workers that department policies covering use of sick leave are unfair and inconsistent. Both of these perceptions are true. City employees used over 300,000 hours of sick leave in 2003 at an estimated direct cost of about \$5.3 million. While the city's overall policy on sick leave accrual and use is comparable to other governments – and is in some respects generous – departmental attendance policies are inconsistent and treat employees in the same general classification differently.

Human resources literature states that absenteeism is a symptom of organizational problems. While managers need the will and the tools to curb individual abuses of sick leave, the City Manager should examine how organizational climate contributes to absenteeism. Some of our previous work and focus groups we conducted in September 2003 identified morale problems.

We recommend that the City Manager develop a mechanism to monitor employees' use of leave citywide; establish a citywide policy on time and attendance that treats employees in the same general classification consistently; provide guidance to managers and supervisors to identify potential abuse of sick leave, and hold managers accountable for attendance in their departments and divisions. We also recommend the City Manager conduct employee surveys to identify factors contributing to poor morale.

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### **Absenteeism Suggests Organizational Problems**

Some level of absences is inevitable. Employees miss work occasionally – they become ill or have personal or family emergencies that require an unscheduled or involuntary absence from their jobs. Both the employer and employee benefit from reasonable sick leave policies. Employees are less likely to spread illness at the workplace if sick leave is available. “Family-friendly” policies – such as allowing use of sick leave to care for a dependent – can also improve morale. A high level of absences, however, is costly in terms of wages, lost productivity, overtime, and



### *Citywide Use of Sick Leave*

morale problems that can arise when co-workers consistently fail to report to the job.

City employees used over 300,000 hours of sick leave in 2003. Use of sick leave at the city was higher than the national average. According to human resources literature, high absence rates suggest organizational problems. Management should focus not only on the individuals who are abusing sick leave but should also examine how organizational climate contributes to absenteeism.

### **City Employees' Use of Sick Leave Is High**

City employees took over 300,000 hours of sick leave in 2003, in about 43,000 sick leave incidents. On average, each employee took about 9 sick leave incidents and about 62 hours of sick leave during the year. That's about eight 8-hour work days. (See Exhibit 1.) However, use of sick leave varied among employees – about 20 percent of employees used no sick leave in 2003. Half of the city's employees used 51 or fewer hours in 2003.

Exhibit 1. Sick Leave Hours Used by Employees by Department

Department	Total Incidents	Incidents Taken Per Employee	Total Sick Leave Hours Used	Hours Used Per Employee
Aviation	5,398	10.6	35,293	69.6
City Auditor	114	7.4	787	50.7
City Clerk	65	7.6	363	42.7
City Development	690	10.7	4,184	64.9
Codes Administration	1,306	11.9	7,005	63.7
Convention & Entertainment Centers	1,401	9.4	10,489	70.2
Environmental Management	919	9.1	6,791	67.6
Finance	1,941	11.0	11,338	64.2
Fire <sup>3</sup>	2,586	2.8	44,791	48.0
Health	1,936	12.2	10,745	67.8
Housing & Community Development	335	9.9	1,906	56.1
Human Relations	360	14.4	2,349	94.0
Human Resources	399	9.9	2,754	68.0
Information Technology	477	6.4	3,353	45.0
Law	432	8.5	2,359	46.3
Municipal Court	973	12.6	5,057	65.7
Neighborhood & Community Services	2,745	10.8	16,072	63.0
Office of City Manager	424	8.2	2,946	57.2
Parks & Recreation	4,898	10.0	28,396	57.8
Public Works	6,471	11.3	39,190	68.6
Water Services	9,421	10.3	64,369	70.4
City Total	43,363	9.0	300,830	62.3

Source: Leave Data 2003, Information Technology Department.

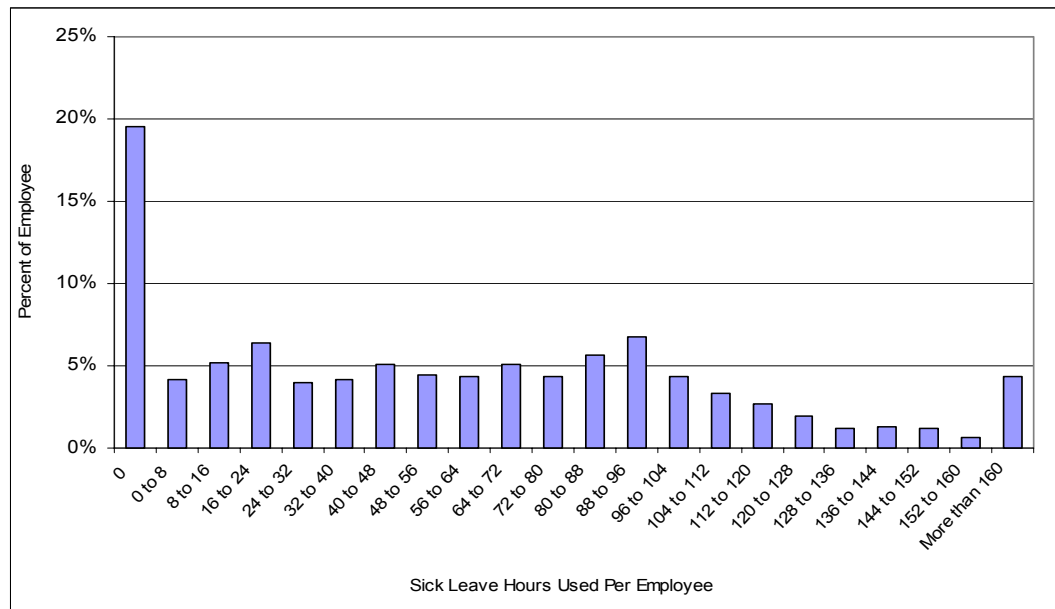
<sup>3</sup> Firefighters are on 24-hour shift schedules.

**Sick leave use is high compared to the national average.** The Bureau of National Affairs reports that the average number of days of unscheduled absence as a percent of scheduled workdays for all employers during 2003 was 1.6 percent.<sup>4</sup> This works out to about 4 days per employee, assuming that employees are scheduled to work 260 eight-hour days. Using the same definition for city employees, the number of days of unscheduled absences as a percent of scheduled workdays was about 2.7 percent in 2003 – about 7 workdays per employee.

City employees' use of sick leave is also higher than some other local municipalities. Employees in Overland Park and Lenexa, Kansas, took an average of 36.5 hours and 24 hours of sick leave last year, respectively – three to four and a half eight-hour workdays. The other area cities we talked to (Independence, Olathe, and the Unified Government of Wyandotte County/Kansas City, Kansas) do not routinely track sick leave use.

**Sick leave hours used by employees vary.** About 19.5 percent of employees used no sick leave in 2003 – half of these employees are firefighters. About 4.3 percent of employees used over 160 hours of sick leave during 2003. About half of employees took 51 or fewer hours of sick leave in 2003. (See Exhibit 2.)

Exhibit 2. Distribution of Hours of Sick Leave Used in 2003



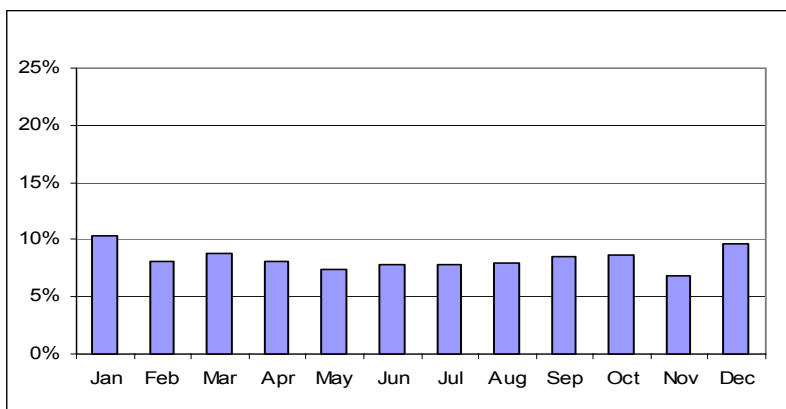
Source: Leave Data 2003, Information Technology Department.

<sup>4</sup> This figure counts unscheduled absences of at least a full shift. It does not count partial day absences, nor does it count absences due to long-term disability after the first four days.

**Sick leave is expensive.** When employees call in sick, their absences can cause financial and other costs for the city. In addition to wages for employees with paid leave, costs include lost productivity, possible overtime for other workers, and possible morale problems. These costs can become prohibitive when employees abuse sick leave. We estimate the direct costs for sick leave to be about \$5.3 million in 2003.<sup>5</sup> Reducing unnecessary sick leave can increase productivity and reduce overtime.

**Sick leave use was higher in winter months and on Mondays.** Use of sick leave was higher in January and December. About 20 percent of the sick leave incidents in 2003 were taken in January and December. Sick leave use was lower May through August. (See Exhibit 3.) Use of sick leave was highest on Mondays and relatively lower on Fridays. (See Exhibit 4.) We looked at the ten days in 2003 with the highest amounts of sick leave taken. Five out of the ten days were Mondays. Four of the other days with high amounts of sick leave occurred when it had been snowing. (See Exhibit 5.)

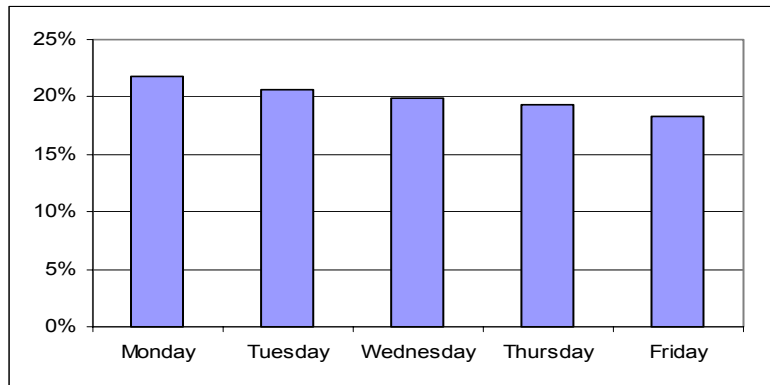
Exhibit 3. Sick Leave Incidents by Month, 2003



Source: Leave Data 2003, Information Technology Department.

<sup>5</sup> Our estimate is based on the average salaries and number of sick leave hours taken for different groups of employees (management, management exempt, labor, unclassified, and firefighters).

Exhibit 4. Sick Leave Incidents by Weekday, 2003



Source: Leave Data 2003, Information Technology Department.

Exhibit 5. Ten Days with the Highest Amounts of Sick Leave, 2003

Date	Incidents	Weekday	Snow Day
2/24/2003	279	Monday	Yes
1/16/2003	271	Thursday	Yes
12/10/2003	267	Wednesday	Yes
1/27/2003	257	Monday	No
3/5/2003	244	Wednesday	Yes
1/28/2003	237	Tuesday	No
1/23/2003	234	Thursday	Yes
1/6/2003	225	Monday	No
1/13/2003	224	Monday	No
12/1/2003	221	Monday	No

Source: Leave Data 2003, Information Technology Department

### **Prior Work and Focus Groups Identified Poor Morale Among Employees**

Human resources literature identifies absenteeism as a symptom of organizational problems. According to one expert, “Managers need to ask: ‘What is it about the workplace that pushes people away?’ Often the answer lies in the organization’s failure to give workers a sense of importance and value to the organization.”<sup>6</sup> Some of our prior work and employee focus groups we conducted in September 2003 identified poor morale among city employees.

Our office conducted five employee focus groups in September 2003 to ask about the city’s organizational culture and other human resource/workforce issues. We were concerned about employee morale in light of the city’s financial condition and the decrease in staffing due to early retirement incentives.

<sup>6</sup> Judith Brown, “Absence Management: Strategies for Curbing Absenteeism in the Workplace,” IPMA HR Center Series, May 13, 2003, p. 3.

**Employees discussed what they like and don't like about working for the city.** Employees we talked to gave mixed ratings regarding the city as a place to work. Employees like serving the public, opportunities for growth, friendly co-workers, and job stability. But employees also identified a number of factors that negatively affect morale:

- **Pay inequity.** City employees – especially laborers – perceived that they are paid less than employees in other municipalities. They are concerned that workers at the top of the pay scale do not receive raises and experience and seniority aren't adequately rewarded.
- **Improperly classified positions.** Employees perceived that job titles don't fit responsibilities and actual responsibilities are not always understood or accurately reflected in job descriptions.
- **Lack of recognition.** Employees perceived that the city takes lower level workers for granted. Public employees take pride in what they do, but their work isn't appreciated.
- **Lack of career paths for labor employees.** Employees perceived lack of promotional opportunities.
- **Inadequate training, staffing, and equipment.** Employees perceived that budget cuts, vacant and eliminated positions, and lack of time and resources for training are problems. Some employees said that they don't have equipment to do their jobs.
- **Poor working environment and relationships.** Employees talked about unpleasant working conditions, stressful relationships with supervisors, and some interpersonal conflicts.
- **Lack of communication.** Employees perceived lack of communication between departments and between field workers and managers.
- **Lack of management.** Employees perceived that supervisors don't deal with problem employees. Some said that employees are treated inconsistently/subjectively depending on supervisors and how rules are applied.

Nearly all focus group participants rated the city's performance evaluation system as poor. Employees expressed that under-rating and under-evaluating performance was the major problem affecting the

system. Employees perceived a number of reasons why evaluations do not adequately reflect their work, including overly general evaluation criteria, inadequate training for supervisors, and pressure to keep salaries down due to budget limits.

The majority of the participants rated the city's leave policies as good. They like the flexibility in how leave may be used. However, some group participants said that while leave policies are fair, there are problems in application – time and attendance policies are different for exempt and non-exempt employees, and policies regarding unscheduled absences vary by department and even by division within the same department. Employees we talked to perceived that sick leave is sometimes abused. They said employees use sick leave when they burn out and little can be done when employees abuse sick leave.

**Turnover was high.** We reported in our August 2001 follow-up audit of the Human Resources Department that turnover – the number of full-time employees who left city employment in 2000 divided by the total number of employees – was high. Turnover costs include lost productivity and poor morale. Turnover among non-public safety employees in the city was 17 percent. The median turnover rate of non-public safety employees in six other cities we selected for comparison was 7.5 percent.<sup>7</sup> Also in 2000, 36 percent of the full-time employees who had left city employment had worked for the city less than a year. About 73 percent of those who left in 2000 had been with the city five years or less. Most of the employees leaving city service in 2000 – 86 percent – were hourly employees. Maintenance workers, equipment operators, customer service representatives, secretaries, and correctional officers were the positions most often vacated.

**Span of control is narrow.** We reported in our April 2002 performance audit on span of control that supervisors in city departments had fewer direct reports and departments had more management layers than other government agencies that had studied and reported span of control.<sup>8</sup> Span of control is the number of employees reporting to a supervisor. Depending on the number of direct reports per supervisor, span of control is said to be wide (many direct reports) or narrow (few direct reports). Human Resources literature suggests that the use of sick leave rises with the number of management layers.

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<sup>7</sup> *Follow-up Audit: Human Resources Department*, Office of the City Auditor, Kansas City, Missouri, August 2001, pp. 18-19. The other cities were Phoenix, Oklahoma City, Minneapolis, Cincinnati, Fort Worth, and Austin.

<sup>8</sup> *Performance Audit: Span of Control*, Office of the City Auditor, Kansas City, Missouri, April 2002, p. 7. The other agencies were Portland, Seattle, King County, the state governments of California, Texas and Iowa, and the federal government.

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## **Consistent Citywide Policy Is Needed to Manage Absenteeism**

The city's overall policy on sick leave accrual and use is similar to other governments. The city offers a relatively high number of hours that may be accrued and paid out when employees leave city employment. However, employees' use of sick leave in 2003 was high despite this financial incentive not to use sick leave.

We reviewed human resources literature to identify best practices and tips for managing absenteeism. The city has followed some of these best practices, but needs a coordinated effort to identify and address organizational issues that contribute to absenteeism and to manage absences. The City Manager should establish a consistent policy citywide – currently, different departments have policies that treat employees in the same general classification differently.

### **Fair, Consistent Citywide Sick Leave Policy Is Needed**

The *Human Resources Rules and Policies Manual* describes the overarching rules of how sick leave can be used, when it can be taken, how many sick leave hours employees can get each year, and what the maximum accrual is. These rules are comparable to other governments and are in some respects generous. The rules, however, don't specify how use of sick leave should be monitored, how to identify potential sick leave abuse and how to enforce disciplinary actions. Most departments have their own attendance/sick leave policies.

**Overall policy on accrual and use is comparable to other governments.** The city's number of paid annual sick leave days is a little lower than other governments based on results of the 1998 U.S. Department of Labor Survey on Employee Benefits in State and Local Governments. The city provides most employees 12 days of sick leave per year; the average for surveyed state and local governments is between 13.3 and 13.7 days, depending on number of years of service. However, only 12 percent of the governments surveyed offered both carryover of sick leave hours into the next year and provisions to pay employees for unused sick leave. The number of paid days of sick leave offered in the five metro area cities we talked to ranged from 10 to 15 days per year. The city offers more generous payout provisions for unused leave, particularly for retirees. (See Exhibit 6.)

Exhibit 6. Comparison of Sick Leave Accrual to Other Area Municipalities

City	Sick Leave Accrual	Maximum Accumulation	Conversion/Payout
Olathe	10 days per year	Unlimited	Employees get 25 percent of the accumulated amount when they retire. They get nothing if they resign.
Overland Park	12 days per year	Unlimited	Employees with at least 10 years of service can convert their accumulated sick leave. The rate is based on years of service. The maximum rate is 20 percent for employees with more than 20 years of service.
Lenexa	15 days per year	Unlimited	The city does not pay out sick leave when employees leave, but uses the unused leave to fund a supplemental retirement benefit.
Kansas City, KS	10 days per year	Unlimited	Eligible employees may sell back up to 5 sick days per year if budget is available. Normally, if the employee didn't use any sick leave, they can sell back 5 days. Sick leave accumulation is unlimited so employees can build up short-term disability.
Independence	12 days per year	1,040 hours 1,560 hours for firefighters	A regular employee who separates from the city shall be compensated for all accumulated sick leave credit up to a maximum of 1,040 hours (1,560 hours for firefighters) at the employee's rate of pay at the time of separation.
Kansas City, MO	About 12 days for regular employees  6 days (24-hours) for firefighters	3,000 hours	Accrued sick leave may be converted to vacation upon separation from service or retirement: employees who have at least 6 months of continuous service may convert 4 hours of sick leave credit to 1 hour vacation leave credit; employees who have at least 25 years of creditable service or are to receive a line-of-duty disability pension and employees who qualify for a city pension shall convert 2 hours of accrued sick leave credit to 1 hour of vacation leave credit.
Dept. of Labor Survey 1998	Average is about 13.6 days per year	56% unlimited accumulation. 43% limit total number of days accumulated.	82% have carryover only. 12% have carryover and cash-in.

Sources: City of Olathe, Overland Park, Lenexa and Kansas City, Kansas; Independence and Kansas City, MO; and *Employee Benefits in State and Local Governments, 1998* by US Department of Labor.



**The city does not track sick leave payouts.** When an employee leaves the city, he or she will receive payment of a portion of the accrued sick leave balance. Management does not know the amount of annual sick leave payouts since it is part of the final paycheck of the employee which includes the final salary. We estimated that the city's liability for sick leave payouts was about \$11.5 million as of December 13, 2003. Our estimate is based on the current salaries, years of service and accumulated sick leave hours of employees. If all current employees left city employment today – the payout would total \$11.5 million. About half of this amount would be due to employees eligible to retire.

**Tips for managing absenteeism.** Human resources literature discusses best practices for managing attendance. Employers should establish a policy that clearly states that employees are expected to report to work as scheduled and on time. The policy should define what the organization considers to be an acceptable standard of attendance and outline consequences for noncompliance. The employer should communicate the policy firmly to all employees, both verbally and in writing, periodically reiterate the policy, and consistently enforce the policy. The organization's sick leave policy should address the following questions:<sup>9</sup>

- Can employees use sick leave for family's illnesses?
- Can employees use sick leave for doctor's appointments?
- How much sick leave is provided and how does it accumulate?
- When, if ever, will the employer require doctor's verification of an illness?
- Who is eligible for sick leave - part-time, temporary, or only full-time employees?
- Will there be a waiting period before the employee can use sick leave?
- How will length of leave be determined?
- Will any exceptions be granted?
- What happens to unused sick leave?
- How will the employer track and report information on use of leave? To whom will the employer report?
- How will the employer determine if sick leave abuse exists?
- How will the employer prevent abuse of sick leave?
- Will the employer develop incentives to help relieve sick leave abuse?

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<sup>9</sup> *International Personnel Management Association HR Center (CPR) Series: "Sick Leave and Paid Time-Off or Unileave"*, September 23, 1997.

- Will the employer pursue other programs (including wellness or child care programs) to address sick leave problems?
- Will the employer have a sick leave donation program?

The city's overall policy addresses how sick leave may be used, who is eligible, and how sick leave accumulates. The policy states that an employee may be required to submit a medical certificate for any absence but not for an arbitrary or capricious reason – but does not indicate when a doctor's verification is required. The policy does not describe how use of leave is tracked and reported, or provide guidance related to sick leave abuse, including how to determine whether sick leave abuse exists and how to prevent any abuse. Issues related to attendance are left to individual departments or divisions.

**Different department policies treat employees in the same general classification differently.** City departments have different policies covering attendance. The policies generally define what is meant by unscheduled absence, scheduled absence, and occurrence; and address how to request leave, employees' and supervisors' responsibilities, and the consequences for occurrences of unscheduled absences.

An unscheduled absence is generally defined as any absence from work not approved in advance. However, different departments define unscheduled absence differently. For example, some departments do not count "emergency vacations" – an employee using vacation time to take care of an unforeseen emergency at home – as an unscheduled absence but some departments do.

**Examples of Different Definitions of Unscheduled Absence**

Unscheduled absence is any unscheduled time lost from work regardless of reason, including sick leave. Unscheduled absence excludes jury duty, military leave, worker's comp time, approved vacation, holiday, leave of absence, bereavement, excused dock time, and any other absence which has been approved in advance. An unscheduled absence also excludes time lost when an associate is given permission by his/her supervisor to leave work in response to a sudden emergency (e.g., an associate's own illness, the sudden illness of a family member, a calamity, e.g., fire or flooding at home, etc.) or when a medical doctor advises that an associate be sent home (or stay home) due to a suspected infectious disease. Flu is not considered an infectious disease for purposes of this policy. (Codes Administration)

Unscheduled absenteeism will be defined as when the person requests leave on the same day as the leave. An example is unscheduled sick leave. (Water Services, Distribution, Wastewater, Stormwater, & Fleet Maintenance Divisions)

Unauthorized absence is defined as any absence from work for which sick leave and vacation leave is not authorized or approved. This includes, but is not limited to, returning late from lunch or break, or leaving assigned work area without authorization. (Finance)

Scheduled absence generally is defined as any absence that is requested and approved by a supervisor no later than the employee's scheduled shift that day prior to the absence being taken. Occurrence is generally defined as any unscheduled/unauthorized/unapproved absence. Absence for one or more consecutive days will be considered one occurrence. Usually unscheduled sick leave will be counted as an occurrence. Some departments consider only occurrences of unscheduled absence for more than one half of the workday/shift. Some departments consider any unscheduled absence an occurrence.

#### **Examples of Different Definitions of Occurrence**

An unscheduled absence for more than one half the workday will be counted as an occurrence. Absence will be considered by occurrence rather than length. (Parks and Recreation)

Occurrence is any partial or full day, scheduled or unscheduled absence. (Environmental Management, Solid Waste Division)

Unscheduled sick leave will be counted as an occurrence for each individual day, unless the days are consecutive. Each day of unexcused dock time will be counted as an occurrence. Excused dock and emergency vacation **will not be** counted as an occurrence. (Water Services, Distribution, Wastewater, Stormwater, and Fleet Maintenance Divisions)

Excused dock **will be** counted as an occurrence. Excused dock is unpaid leave granted to an employee who does not have sufficient sick leave, vacation or comp time to cover the requested time-off. The exception to this is excused dock used for FML (Family Medical Leave) approved absence and usage for this is not counted as an occurrence. An occurrence will be counted for each emergency vacation or comp time that is requested and approved with less than 1 day in advance of usage. (Water Services, Water Supply Division)

The consequences for unscheduled absences vary among departments and divisions, as well.

#### **Triggers of Discipline and Impact on Performance Evaluation**

Employees should accrue no more than 11 occurrences within their 12-month evaluation period. Though 11 is the expectation, there will be no negative impact on an employee's rating until the 14<sup>th</sup> occurrence. (Information Technology)

Employees incurring more than 5 occurrences of any combination of unscheduled leave, tardiness or early departures in any contiguous 12-month period will receive a letter of counseling for the 6<sup>th</sup> occurrence. (Convention and Entertainment Centers)

The Department realizes that unscheduled absences will occur and as such will allow a maximum of 7 unscheduled absences during the rating period before corrective action will occur. (Human Relations)

**Citywide monitoring and analysis are needed.** According to human resources literature, organizations should collect and analyze sick leave data. Monitoring absenteeism can facilitate early identification and resolution of problems. Monitoring and analyzing absence data will help to identify specific causes of absenteeism. Organizations should determine whether abuse exists by tracking and evaluating absences and should compare and assess trends. While collecting data, organizations should examine policies and practices and see whether they contribute to sick leave abuse.

**Management should be accountable for good attendance.** According to human resources literature, one of the biggest problems organizations have in controlling leave is that managers and supervisors have a hard time saying no to an employee's request for leave. Managers need the tools and the will to identify potential instances of abuse, evaluate the circumstances and deal with the problem. If an employee is abusing leave, the manager should provide appropriate guidance, warnings, and disciplinary actions. Managers should meet with staff to discuss sick leave problems, explain why attendance is important, and explain the consequences for abusing the policies. Managers should try to learn the root of the absenteeism problems and as appropriate, report information to human resources.

### **Draconian Policies Don't Work**

According to human resources literature, organizations can curb excessive absences, but "draconian policies" are the least effective method for doing so. Monitoring and evaluating the reasons for absences is the first step. Conducting an employee survey could also help determine overall concerns and trends which may affect leave use.

Management may find, for instance, that workers with limited child care options take extra sick leave. Based on these results, management could directly address the problem by implementing a child care program. Or management might find that an employee assistance program, supervisory training, better working conditions, education, etc. may positively affect employee attendance.

**Human resources literature describes pros and cons of incentive programs.** Some organizations offer incentives to employees with perfect attendance or low absenteeism. Incentives include cash, flex-time, bonus personal days, extra vacation days, or gift certificates. These programs are meant to reinforce what the organization values: good attendance and productivity. However, cash incentives can be expensive and some studies reveal that workers who abuse their leave tend to value time away from work more than a little extra money. Some experts

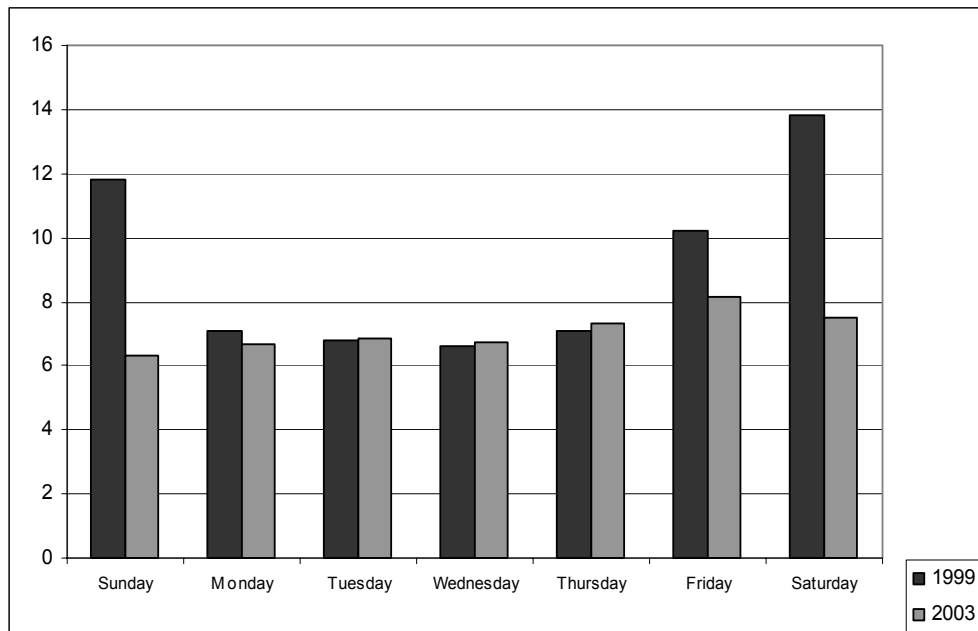
argue that organizations should not reinforce behavior with gifts because the benefit is short-term. Even if extra incentives encourage employees to come to work, it won't necessarily change their behavior once they arrive. Organizations always need to look for underlying reasons for sick leave abuse.

**Wellness programs help employees be healthier.** In theory, the healthier the employees are, the less sick leave they will take. A wellness program is one of the ways to address sick leave programs. The city offers various Fountain of Health Wellness programs to help city employees be healthier, such as Colorful Choices and Eight Weeks to Wellness to encourage employees to adopt a healthy lifestyle. In addition, the Fountain of Health Employee Wellness Rewards Program will offer \$50 to \$100 gift certificates to employees who meet the program requirements. One of the optional activities to earn points is to not use sick days in three of four calendar quarters.

**The Fire Department has reduced sick leave and overtime costs.** The Fire Department implemented a new sick leave policy in 2003, including on-going monitoring, guidance for supervisors to use to identify potential abuse of leave, and incentives for employees not using sick leave. Use of sick leave in the Fire Department dropped. In 2003, 474 firefighters took no sick leave and 94 firefighters took only 1 day of sick leave. The average number of firefighters out on sick leave per shift dropped from 8.6 in 1999 to 4.6 in 2003. Use of sick leave is still somewhat higher on Fridays than during the week, but sick leave on Saturdays and Sundays dropped substantially. (See Exhibit 7.)

The Fire Department had budgeted \$2.7 million on overtime for firefighters in fiscal year 2004. The actual year to date expense on overtime is about \$1.1 million (as of March 25) and projected to be about \$1.5 million for fiscal year 2004. Overtime expense was over \$3 million in fiscal year 2003.

Exhibit 7. Average Number of Firefighters Taking Sick Leave in 1999 and 2003<sup>10</sup>



Sources: Leave Data 2003, Information Technology Department and *Follow-Up Audit: Fire Fighting Force Resource Allocation*.

<sup>10</sup> The data for 1999 was from April 1999 to March 2000 and data for 2003 was calendar year.

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## Recommendations

1. The City Manager should develop a mechanism to monitor employees' use of sick leave citywide.
2. The City Manager should establish a citywide policy on time and attendance that treats employees in the same general classification consistently.
3. The City Manager should provide guidance to managers and supervisors to identify potential abuse of sick leave.
4. The City Manager should conduct employee surveys to identify factors contributing to poor morale.
5. The City Manager should hold managers accountable for attendance in their departments and divisions.
6. The City Manager should track the amount of sick leave payouts.



## *Citywide Use of Sick Leave*

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## **Appendix A**

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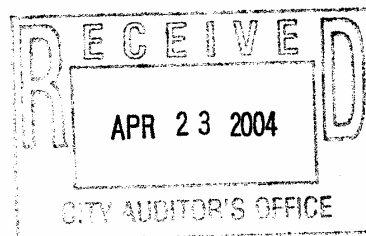
### **City Manager's Response**

*Citywide Use of Sick Leave*



## Office of the City Manager

### Memorandum



**DATE:** April 20, 2004  
**TO:** Mark Funkhouser, City Auditor  
**FROM:** Wayne Cauthen, <sup>W.A.C.</sup> City Manager

**SUBJECT:** Response to Draft Report on Citywide Use of Sick Leave

The recently completed audit conducted by your department has elucidated a number of issues that must be addressed to monitor and reduce the amount of sick leave use and abuse by employees citywide. I agree with all recommendations resulting from this audit, and submit to you the following:

**Recommendation:** The City Manager should develop a mechanism to monitor employees' use of sick leave citywide.

**Response:** Upon review of the city's capabilities to monitor employees' use of sick leave citywide, I have discovered that the legacy systems currently in place in the Payroll Division of the Finance Department do not allow staff to easily manipulate information and parameters to produce reports containing the information requested above. Thankfully, the remedy to this deficiency is underway with the implementation of Enterprise Resource Planning (KC-CREW). The payroll module of the KC CREW project will go live on June 21, 2004, and the first payroll period under the new system will be on July 1, 2004. The new PeopleSoft system will allow authorized personnel to pull reports that correlate dollars to sick leave hours, which is a function that we are currently unable to perform.

**Recommendation:** The City Manger should establish a citywide policy on time attendance that treat employees in the same general classification consistently.

**Response:** I agree with this recommendation. I have assigned LaTrisha Underhill to work with Acting Director of Human Resources, Gary O'Bannon to develop a citywide policy. My office has already begun this process by requesting information from ICMA (International City/County Management Association), and Mid America Regional Council to ensure that we incorporate best practices, and develop policies that are consistent with cities our size, and that provide a comparable range of services and benefits to its employees.

**Recommendation:** The City Manager should provide guidance to managers and supervisors to identify potential abuse of sick leave.

**Response:** I concur with this recommendation. After such time as the new time and attendance policy is developed and implemented, each supervisor and manager will receive training as it relates to the new policy, and will be provided with guidelines to enforce it.

**Recommendation:** The City Manager should conduct employee surveys to identify factors contributing to poor morale.

**Response:** Talking with staff to derive some conclusions about what contributes to poor morale will be very beneficial, especially as I undertake activities to increase efficiencies and accountability within the organization. I will consult with Gary O'Bannon and Mickey Dean to achieve a better understanding of which departments have traditionally had issues with morale and sick leave abuse, to develop a list of targeted work groups with which to consult to address this issue.

**Recommendation:** The City Manager should hold managers accountable for attendance in their departments and divisions.

**Response:** I agree with this recommendation as well. The policy complement to our new technology to better manage and leverage our resources is the development of performance measures. The Balanced Scorecard management system offers some excellent guidelines for organizations to follow when developing performance measures. As the Information Technology Department rolls out various modules of KC-CREW, so shall we begin the development and implementation of performance measures. The preliminary timeline for roll-out of the first module to incorporate elements of the Balanced Scorecard to develop performance measures will be the financial module. The anticipated timeline for implementation of the the financial module is the fourth quarter of 2004.

**Recommendation:** The City Manger should track the amount of sick leave payouts.

**Response:** I concur with this recommendation, and anticipate that it will be addressed at the same time as the first recommendation, with the rollout of KC CREW. The same systems that will be used to monitor employees' use of sick time will also enable authorized personnel to request reports of sick time and correlate them to a dollar value, a function that we are presently unable to perform.